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THE REFERENDUM

on the 1964 Wheat Program

Tuesday, May 21, 1963

Marketing quotas for the 1964 wheat crop have been proclaimed and May 21, 1963, has been set as the date of the referendum.

The referendum is on the program for one year only—1964.

The proclamation and a referendum are required by law whenever wheat supplies are excessive. The law gives the guidelines as to what are excessive supplies. In the absence of marketing quotas, the supply of wheat for the marketing year beginning July 1, 1964, is estimated at 2.8 billion bushels. This would be more than twice as much as estimated domestic disappearance and exports.

Wheat growers will choose between: (1) marketing quotas with price support at \$2 a bushel on 80 percent of the normal production of acreage allotments and with diversion payments for acreage taken out of production, (2) unlimited acreage with market prices of around \$1 a bushel.

If at least two-thirds of the producers voting in the referendum favor quotas, the quotas will be in effect on the 1964 crop. Price support levels, payments and market prices depend on the outcome of the vote on quotas.

The Program with Quotas in Effect

Here is the program for 1964 authorized in a new act of Congress if marketing quotas are approved:

1. Price support to cooperators. \$2 a bushel, national average, for wheat with certificates; \$1.30, national average, for noncertificated wheat.

Certificates will be issued for 80 percent of the normal yield of the acreage allotment—but not more than the normal yield of the **planted** acres. The usual differentials for location, premiums and discounts will apply.

You can get the benefit of price support through loans and purchase agreements as usual, but for the first time you will have two levels of support—the higher support for certificated wheat and the lower for noncertificated wheat.

After planting within your allotment and meeting diverted acreage requirements you will receive a marketing card that shows you are entitled to market wheat penalty-free. It will also show the number of bushels you are entitled to sell or put under loan or purchase agreement at the higher support rate.

As before, the market price for wheat should be at or near the support price. For wheat with certificates, this would be a national average of \$2 a bushel with premiums and discounts for grade and quality. Likewise, wheat without certificates should sell for prices that reflect a national average of \$1.30 with premiums and discounts for grade and quality. Loans and purchase agreements are available to protect you against any drop in market price.

When you sell wheat with certificates, the buyer will show on your card that he paid for certificated wheat and the number of bushels purchased.

If you have more certificates than you need to market your wheat—perhaps because your crop is short or you use it on the farm, you may redeem your unneeded certificates at the county ASC office at the rate of 70 cents per bushel. This is important income insurance.

2. Marketing quota and acreage allotment. Your marketing quota will be the full production of your acreage allotment.

The national acreage allotment of 49.5 million acres is down 10 percent from the former legal minimum of 55 million acres. Farmers who help make this reduction in wheat acreage will earn payments. They can do this by planting within their acreage allotments and putting the diverted acres to soil conserving uses.

The number of acres on which you earn a diversion payment in this way is computed by taking 11.11 percent of your acreage allotment. (The reason for using this percentage is this: 11.11 percent of the national allotment of 49.5 million acres is 5.5 million acres, the amount of the reduction from the former legal minimum of 55 million acres.) Payment may also be earned for voluntary diversion from the allotment to conservation uses.

3. Payments. There are two rates.

(A) For planting within the acreage allotment, and putting the diverted acres to soil conserving use, the diversion payment is 30 percent of the county support price for wheat on the normal production of the acreage diverted (computed on 11.11 percent of the allotment).

(B) For voluntary added diversion to conserving uses, the payment is computed by using 50 percent instead of 30 percent of the county support price. The top limit on voluntary diversion is 20 percent of the allotment **or**, if this is larger, the number of acres that will make the total diversion 15 acres on the farm.

The 50 percent rate also applies where the wheat allotment is 13.5 acres or less, and the producer diverts his entire wheat acreage to conservation.

Advance payments of half the total for diversion of acreage will be available on request.

The acres diverted to conserving uses in this program are to be in addition to the acreage on the farm normally devoted to conservation, left idle, or diverted through other programs.

4. Grazing of diverted acres. Land diverted from wheat production to conserving uses may be grazed during the winter, early spring and late fall without affecting payments or eligibility for price support. The dates for such grazing will be established by State ASC committees. The diverted wheat acres may be grazed during the summer grazing season, but this will reduce the diversion payment by half.

5. Small farmers with 1964 wheat allotments of less than 15 acres have a choice of two alternatives:

- A. The operator on the farm may elect for the farm to be an allotment farm for 1964, and be eligible to qualify for price support, certificates, and diversion payments. All producers on such a farm are eligible to vote in the referendum. This choice offers the grower an opportunity to divert all his wheat acreage (up to 15 acres) to conservation uses at the higher diversion rate of 50 percent of the county support price. The operator makes his choice by signing his allotment notice (MQ-24) and taking or sending it to the county office not later than May 13, 1963.
- B. If the operator does not make this election, he may produce without penalty an acreage of wheat equal to the larger of his farm allotment or the small farm base. However, no price support, no certificates, and no diversion payments are available for the farm. The producers on the farm will not be eligible to vote in the referendum. Any producer on a small farm who desires to vote and participate in the 1964 Wheat Program should see that the operator signs and delivers the MQ-24 in time for the farm to be an allotment farm.

6. Penalties. When marketing quotas are in effect, the wheat produced on acres in excess of the farm allotment is subject to a marketing quota penalty of about \$1.65 per bushel.

Under some circumstances, a land use penalty may be assessed on acreage not meeting the requirements for conservation use of diverted acres or the maintenance of the normal conserving acreage. This penalty may not be assessed on an acreage in excess of 11.11 percent of the allotment at the rate of about \$1.65 a bushel for the normal yield.

Who Can Vote?

All wheat growers who have an interest in the wheat production on a farm with a 1964 wheat acreage allotment of 15 acres or more are eligible to vote in the 1964 wheat marketing quota referendum.

The operator of a farm with an allotment of less than 15 acres has until May 13 to decide whether he wants to participate as an allotment grower in 1964. If he elects to participate, he and other producers with an interest in that farm's wheat crop will be eligible to vote.

Individuals who have questions concerning their eligibility to vote should consult the ASC county office not later than May 13.

Polling places will be designated and announced by the ASC county committee well in advance of the referendum.

If Quotas Are Not Approved

The law provides the following if quotas are not approved by at least two-thirds of the producers voting in the referendum:

1. The farm wheat acreage allotments determined before the referendum would remain in effect.

2. Price support at 50 percent of parity—about \$1.25 a bushel, national average, would be available to those producers who stay within their allotments.

Reliable economists, both within and outside the Department of Agriculture, predict that the market price for wheat would drop to about \$1 per bushel and that wheat income would decline about \$700 million. They also point out that this would have a serious adverse impact on prices for feed grain, livestock and livestock products.

3. No certificates would be issued.

4. No diversion payments would be made.

In the spring of 1964, if the supply situation required proclamation of a marketing quota for the 1965 crop, a referendum would be held and producers would again decide whether to approve or reject quotas.

This is a general description of the 1964 Wheat Program. For information on how it applies to your farm, see your county ASC committee.